**County of Hanover**

**Board Meeting: July 22, 2015**

**Subject:**  Presentation – Housing the Richmond Region: Needs, Impediments, and Strategies

**Summary of Agenda Item:**  The Capital Region Collaborative (CRC), requested that the Partnership for Housing Affordability lead CRC's efforts to convene a Regional Housing Alliance and develop a plan to achieve the region's housing goals.  The Housing Partnership commissioned a study undertaken by Virginia Tech and Virginia Commonwealth University to provide information on housing affordability strategies practiced by communities throughout the Commonwealth.  The final product is comprised of the report titled *Housing the Richmond Region: Needs, Impediments, and Strategies*.

The results of the study were presented at a regional forum on March 31 of this year.  Elizabeth Hancock Greenfield, Richmond Association of Realtors Vice President of Government Affairs & Member Services, will present the findings of the study to the Board of Supervisors.  A copy of the executive summary of the report is attached.

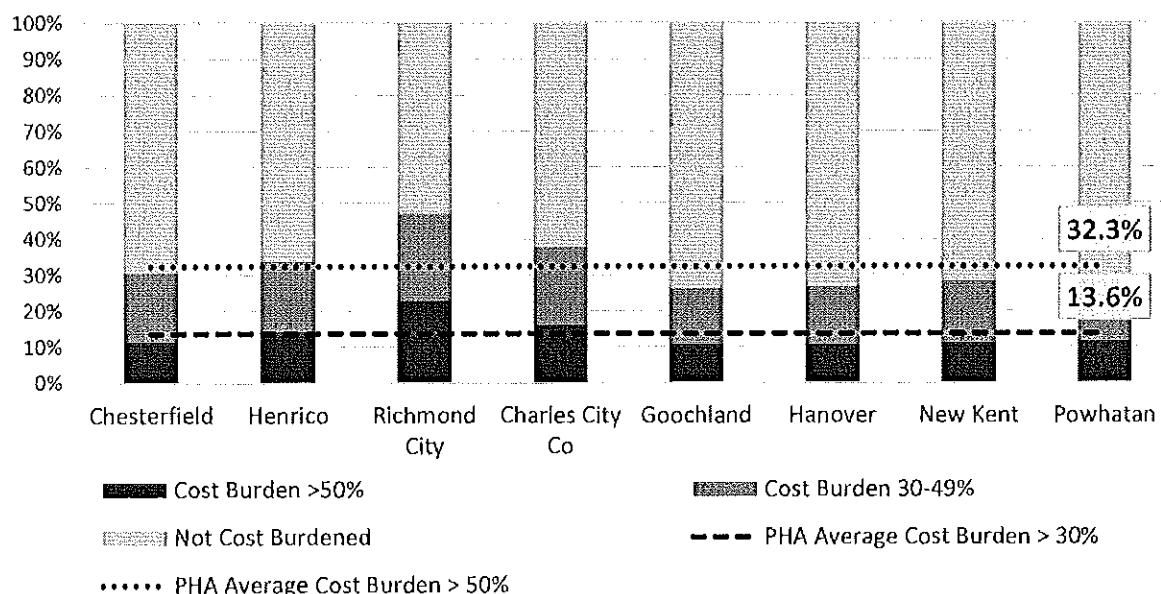**County Administrator's Recommended Board Motion**  N/A

The Capital Region Collaborative (CRC), a joint effort of the Richmond Regional Planning District Commission and the Greater Richmond Chamber, asked the Partnership for Housing Affordability (PHA) to lead the CRC's efforts to convene a Regional Housing Alliance and develop a plan to achieve the region's housing goals. PHA commissioned this study to inform the planning process. The report discusses the most important results of research and analysis conducted by Virginia Tech and Virginia Commonwealth University (VCU) and provides information on housing affordability strategies practiced by communities throughout Virginia and the United States.

The Richmond Regional Planning District faces a big challenge: an annual housing affordability deficit of $862 million, averaging $6,422 per cost burdened household. Approximately 35% of all households in the planning district are cost burdened, paying more than 30% of their income for housing, including 15% who are severely cost burdened, paying more than 50% of their income for housing. Cost-burdened households may have difficulty affording necessities such as food, clothing, transportation, and medical care. Severely cost-burdened households face even harder choices between housing and other necessities.

**The challenge is regional and is shared by each jurisdiction.** More than 25% of residents living in each jurisdiction within the Richmond Regional Planning District are cost burdened and more than 10% are severely cost burdened. Housing cost burdens span all income levels but are most common among households with low and moderate incomes. Severe housing cost burden is more common among lower income households, although the majority share of the region's cost-burdened households is split relatively evenly among households with extremely low, very low, and low-incomes. A little more than half, 53%, of cost-burdened households own their home.

### Chart 1: Percent of Households by Cost Burden
Data Source: U.S. Census, 2013 American Community Survey, PUMS



Legend:
- Cost Burden >50%
- Cost Burden 30-49%
- Not Cost Burdened
- PHA Average Cost Burden > 30%
- PHA Average Cost Burden > 50%

Jurisdictions: Chesterfield, Henrico, Richmond City, Charles City Co, Goochland, Hanover, New Kent, Powhatan

Labeled values: 32.3%, 13.6%

**The deficit is growing, and must be addressed.** In addition to the existing housing affordability challenges faced by the region, the Richmond Regional Planning District will require 100,000 to 132,000 new housing units in order to meet housing demand associated with anticipated growth in the next 20 years. Job growth drives household formation and in-migration, increasing housing demand. Higher- and lower-wage jobs grow in tandem, so the housing affordability deficit grows with demand. Further, regional inflation-adjusted housing costs have increased significantly, while inflation-adjusted incomes have increased very little, or not at all. If this trend continues, the affordability problem will increase at an even faster pace than overall housing demand.

Inadequate or unaffordable housing and associated consequences like involuntary moves, economic segregation, stress, and financial hardship have well documented ramifications for children and families.[1] Studies have associated affordable housing with greater cognitive development in children[2] and housing has been established as the foundation for family well-being.[3] Recently, studies have dispelled myths about the negative effects of affordable housing on property values, crime, and taxes.[4] Further, affordable housing has become central to community development as housing cost burdens have become more widespread and begun to affect both community resilience and economic development. Housing unaffordability can have severe long-term consequences for the economy: slowed population growth and family formation, falling school enrollment rates, and a less attractive business environment.[5]

**There are barriers to overcome, but we have the resources to build a solution.** Funding, negative perceptions, misconceptions, economics, politics, and legacy all present challenges. Education, collaboration, and creativity can overcome those challenges. More than 170 individuals including local government officials, non-profit and for-profit housing developers, service providers, and philanthropic organizations participated in this study. Each interviewee, survey respondent, and workshop participant takes the affordable housing gap seriously and most are already working toward solutions or are ready to do so. The efforts of participants in this study indicate a promising movement to organize the region's leaders and develop realistic, effective strategies to improve housing affordability in the planning district.
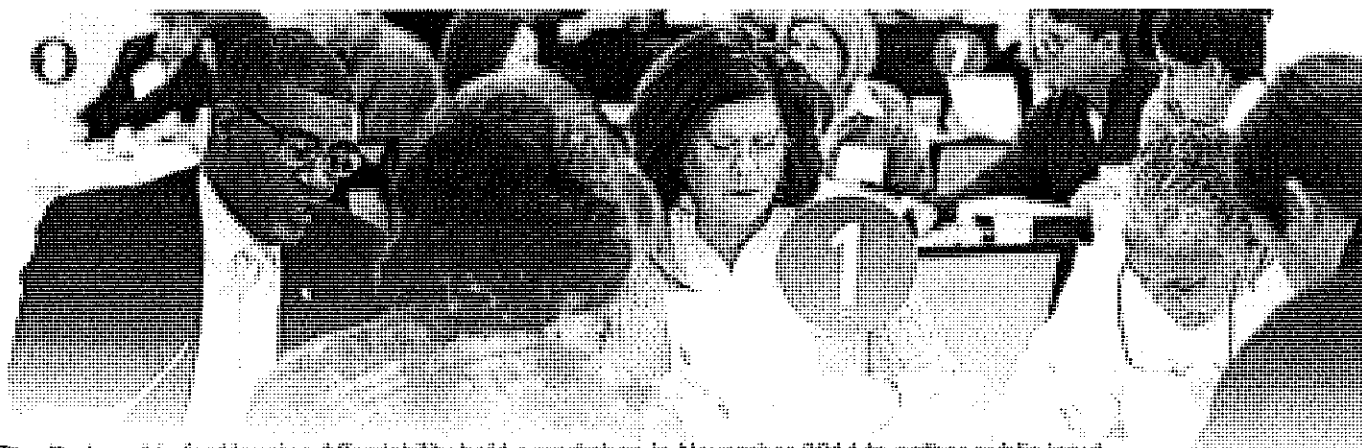


The Partnership for Housing Affordability held a workshop in November 2014 to gather public input.

[1]Mueller, Elizabeth and Tighe, J. Rosie. 2007. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes [2]Newman, Sandra J. and Holupka, C. Scott. July 2014. MacArthur Foundation "How Housing Matters" Policy Research Brief [3]Bratt, Rachel G. 2002. "Housing and family well-being." *Housing Studies*, 17(1), 13-26. [4]Albright, L., Derickson, E. S., & Massey, D. S. 2011. "Do affordable housing projects harm suburban communities? Crime, property values, and property taxes in Mt. Laurel, New Jersey." Rochester: Social Science Research Network. doi:http://dx.doi.org/10.2139/ssrn.1865231 [5]The Urban Institute and the Metropolitan Washington Council of Governments. 2014. "Housing Security in the Washington Region."

**Solutions come in many shapes and sizes.** The Richmond Regional Planning District includes three broad types of communities– urban, suburban, and exurban (rural). Each jurisdiction has somewhat different housing affordability challenges and perhaps different political values. Each community may take a different approach to housing affordability for the population segment most in need within its community, but each community must take the challenge seriously.

**There are good examples to follow.** Henrico, Chesterfield, and Richmond each provided $250,000 in funding to support a 21-room addition to Virginia Supportive Housing's South Richmond Single Room Occupancy (SRO) complex, expanding the region's ability to prevent and end homelessness. The City of Portland, Oregon created a coalition of stakeholders, including the U. S. Department of Housing and Urban Development (HUD), local nonprofits, lenders, and city agencies to preserve 11 buildings that provide affordable housing in desirable locations. Similar approaches could preserve garden style apartments that provide affordable housing throughout our region. Rockville, Maryland adopted a master plan to create a new, vibrant town center in place of a failing strip mall. The new center includes 175,000 square feet of shops and restaurants and 644 residential units--both owner-occupied and rental, 15% of which are dedicated as affordable. This project is very similar to developments throughout Virginia that have attracted significant interest from retailers and residents who still want to live in the suburbs, but prefer walkable communities. Across the country, in virtually every type and size of community, good examples of successful responses to the affordable housing challenge exist.



Rockville Town Center in Rockville, Maryland is an example of a retrofitting retail development project.

**We have a place to start.** Building on strategies suggested by participants in the Partnership's Affordable Housing initiative, VCU and Virginia Tech have developed eight recommendations for the Richmond Regional Planning District. Based on the study's findings, these recommendations include the following approaches.

1. Develop a flexible, dedicated funding source for affordable housing.
2. Improve access to the regional transit system, including dedicated funding, expansion, or new service.
3. Create incentives or requirements to site affordable housing near job centers.

4. Expand by-right development to include:
   - Mixed-use retail-residential centers;
   - Accessory Dwelling Units such as granny flats or alley flats; and
   - Infill multifamily development within the urban core and commercial corridors.
5. Prioritize the preservation of existing federally-assisted housing and market-affordable units.
6. Support access to affordable housing through employer-assisted housing programs.
7. Develop a community land trust to support long term affordable housing.
8. Strengthen local and regional coalitions to provide advocacy at the project and policy levels. These practical advocacy efforts should include the coordination and execution of regional demonstration projects that are based upon the joint contributions of the public, private, and non-profit sectors and that reflect best practices in mixed use and mixed income development.

VCU, Virginia Tech, and PHA have also identified next steps for the Partnership:
1. Educate (and frequently reeducate) the entire community about the nature and magnitude of the lack of affordable housing.
2. Educate the community about options that similar communities have used to address the lack of affordable housing, and the roles that public, private, and nonprofit entities can play.
3. Monitor the region's progress in addressing the affordable housing challenge.
4. Celebrate every genuine effort and success. One of PHA's most valuable tools to change community attitudes may be positive reinforcement--continuously searching for and finding examples of positive contributions in the region, describing them, and rewarding them with positive media attention.

We can accomplish our goals with community commitment, education, and regional collaboration. Reducing our regional housing affordability deficit requires each jurisdiction and all community members (employers, for-profit and nonprofit developers, elected officials, county and city staff, advocates, educators, service providers, and individual citizens, etc.) to commit to making affordable housing more accessible. Education is a key component. Some solutions to the affordable housing problem, such as building smaller units and multi-family structures, might frighten some residents who are concerned about negative impacts of higher density development, despite ample evidence to the contrary. Education will foster community understanding and generate the political will needed to tackle this challenge. Where there's a will, there's a way. For example, the Coalition of Nonprofit Housing and Economic Development (CNHED) in Washington, DC, represents 140 organizations, including service providers, nonprofit and for-profit housing developers, technical assistance providers, and intermediary lenders in housing and economic development. CNHED led a "Housing for All" campaign to rally tenants, CNHED members, city council members, and private citizens. CNHED successfully advocated for a dedicated funding source for affordable housing.

**The report that follows provides evidence of the complex affordable housing challenge presented in the Richmond Regional Planning District, but also demonstrates that we have many of the resources we need to meet that challenge. The health of all communities in the Richmond Regional Planning District depends on their citizens' commitment to a solution. Communities throughout the Commonwealth and the nation have found successful strategies to help everyone access affordable housing. Building on their example and our resources, we can too.**